GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:385
ANSWERED ON:19.04.2002
ENTRY OF FOREIGN BANKS
PRASANNA KUMAR PATASANI

Will the Minister of FINANCE be pleased to state:

(a) whether the Multi-National Companies/Foreign Banks have been given permission to buy/procure shares of nationalised/public sector banks directly;

(b) whether the basic aim of the nationalised banks for the upliftment of the poor has become redundant; and

(c) whether the Government intends to review its decision ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a),(b)&(c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a),(b) AND (c) OF LOK SABHA STARRED QUESTION NO.385 FOR APRIL, 2002 REGARDING ENTRY OF FOREIGN BANKS BY DR. PRASANNA KUMAR PATASANI.

(a)&(c): As per the provisions of Section 3(2D) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and 1980, foreign investments in nationalised banks shall not exceed 20 percent of their paid up capital. Similar ceiling has also been prescribed for State Bank of India and its associates Banks. No change has been made or is contemplated at present in this regard.

(b): No, Sir. Nationalised Banks are lending to all Sections of the Society.As per RBI`s extant guidelines, these banks are required to lend 40% of their net bank credit to the priority sector which includes 10% of net bank credit to weaker sections, 18% of net bank credit to agriculture and also to small scale industries, education, housing etc. Public Sector Banks also give assistance under various centrally sponsored schemes for upliftment of the poor.